

Appendix 1: Regulatory Impact Summary Table*

Fiscal Costs	FY 2019	FY 2020	FY 2021
State Government	\$0	\$0	\$0
Local Government	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Person	\$0	\$0	\$0
Total Fiscal Costs:	\$0	\$0	\$0
Fiscal Benefits			
State Government	\$0	\$0	\$0
Local Government	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Benefits:	\$0	\$0	\$0
Net Fiscal Benefits:	\$0	\$0	\$0

*This table only includes fiscal impacts that could be measured. If there are inestimable fiscal impacts, they will not be included in this table. Inestimable impacts for State Government, Local Government, Small Businesses and Other Persons are described above. Inestimable impacts for Non-Small Businesses are described below.

Appendix 2: Regulatory Impact to Non-Small Businesses

No non-small businesses are expected to be impacted by this rulemaking. Large industrial businesses are already required to maintain and utilize the controls that this rule would require. This rule will primarily apply to smaller oil and gas operations that are susceptible to releases of produced gas. Therefore, non-small businesses will not be impacted.

There are an inestimable amount of oil and gas extraction (extraction) small businesses (NAICS 2111) operating in Utah. These extraction sites can be included in the Utah oil and gas registration, but their total numbers are currently unknown. These businesses could experience a one-time fiscal cost of \$800-\$1,500 associated with purchasing and installing the required control devices. The full impact to these small businesses cannot be estimated because the lack of extraction site inventory and control equipment already installed at those sites is not available.

Regardless of the fiscal impact possible on these small extraction sites, there is also a possibility for these same sites to experience a one-time benefit associated with the installation of the control devices. Sites identified as needing

to flare releases are likely required to be permitted. With the recently passed rule that allows permitting by rule, these small extraction sites will be eligible for the one-time permitting cost of \$250 if they have the controls installed, as opposed to the original one-time cost of \$2,300 to obtain a permit. That equals a potential benefit of \$2,050. The amount saved through the use of this rule is greater than the amount required to purchase and install the controls.

The Executive Director of the Department of Environmental Quality, Alan Matheson, has reviewed and approved this fiscal analysis.

R307. Environmental Quality, Air Quality.

R307-511. Oil and Gas Industry: Associated Gas flaring

R307-511-1. Purpose.

R307-511 establishes control requirements for the flaring of produced gas associated with well sites.

R307-511-2. Definitions.

"Emergency release" means a temporary, infrequent and unavoidable situation in which the loss of gas is uncontrollable or necessary to avoid risk of an immediate and substantial adverse impact on safety, public health, or the environment. An "emergency" is limited to a short-term situation of 24 hours or less caused by an unanticipated event or failure that is out of the operator's control and is not due to operator negligence.

"Flaring" means use of a thermal oxidation system designed to combust hydrocarbons in the presence of a flame.

"Associated Gas" means the natural gas that is produced from an oil well during normal production operations and is either sold, re-injected, used for production purposes, vented (rarely) or flared. All gas from storage vessels and low pressure separators is not associated gas.

R307-511-3. Applicability.

(1) R307-511 applies to each producing well located at a well site as defined in 40 CFR 60.5430a Subpart 0000a Standards of Performance for Crude Oil and Natural Gas Production, Transmission and Distribution.

(2) VOC control devices used for controlling associated gas are subject to R307-508.

(3) R307-511 does not apply to producing wells that are subject to an approval order issued under R307-401-8.

R307-511-4. Associated Gas Flaring Requirements.

(1) Associated gas from a completed well shall either be routed to a process unit, routed to a sales pipeline, or routed to an operating VOC control device except for the following condition:

(a) Under emergency release situations as defined in R307-511-2.

R307-511-5. Recordkeeping.

(1) The owner or operator shall maintain records for releases under R307-511-4(1) (a).

(a) The time and date of event, volume of emissions and any corrective action taken shall be recorded.

(b) These records shall be kept for a minimum of three years.

KEY: air quality, nonattainment, offset

Date of Enactment or Last Substantive Amendment: 2018

Authorizing, and Implemented or Interpreted Law: 19-2-104; 19-2-108